

Maria C. Andrade-Stern

Senior Contract Administrator

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July 30, 2003

Ms. Celeste Fulgham
Regional Contracting Officer
United States Agency for International Development/South Africa
Sancardia Building, 9th Floor
524 Church Street
Arcadia, Pretoria 0007, South Africa

RE: Contract No. LAG-I-00-99-00036-00, Task Order No. 800
UI Project 06967-002, South Africa Access to Housing Finance for Lower Income Households
Quarterly Task Order Progress and Cost Report, April to June 2003

Dear Ms. Fulgham:

Please find enclosed the Quarterly Task Order Progress and Cost Report, April to June 2003, South Africa Access to Housing Finance for Lower Income Households as required under Section F.12 of the above referenced contract.

Please direct any technical questions to Ms. Mary Tomlinson, CoP, UI/Houghton at 011-27-11-642-1872 or E-mail at mtomlinson@hfrp.org.za. Questions of a contractual nature should be addressed to me at (202) 261-5396.

Sincerely,



Maria C. Andrade-Stern

Enclosures

cc: Lyn Buckley (USAID/South Africa)
Rebecca Black (USAID/South Africa)
Mary Tomlinson (UI/South Africa)
Dale Gredler (USAID Washington)
USAID Development Clearinghouse
IAC Deliverables File (06967-002)

**QUARTERLY TASK ORDER
PROGRESS AND COST
REPORT**

**APRIL TO
JUNE 2003**

**SOUTH AFRICA ACCESS TO
HOUSING FINANCE FOR
LOWER INCOME
HOUSEHOLDS**

Prepared for



South Africa Access to Housing Finance for Lower Income Households
United States Agency for International Development
Contract No. LAG-I-00-99-00036-00, TO No. 800

Prepared by

Mary Tomlinson
Chief of Party
The Urban Institute



THE URBAN INSTITUTE

2100 M Street, NW
Washington, DC 20037

July 2003
UI Project 06967-002

QUARTERLY TASK ORDER PROGRESS AND COST REPORT

APRIL TO JUNE 2003

SOUTH AFRICA ACCESS TO HOUSING FINANCE FOR LOWER INCOME HOUSEHOLDS

Task Order No.: LAG-1-00-99-00036-00, Task Order No. 800

Date of Issuance: September 6 2000

Amount Obligated Under Task Order: \$3,476,660

Total Potential Task Order Amount: \$3,771,314

Dollars Expended To-date: \$1,992,262

Key Personnel: Prime Contractor Contact: Mary R. Tomlinson , CoP
Phone: +27 11 642 1872
Email: mtomlinson@hfrp.org.za

Task Order Description:

In September 2000, the South African Mission of the United States Agency for International Development (USAID) contracted the Urban Institute (UI) to implement a two-year project (extended to four) to improve access to housing finance for low-income households. Specifically, the project aims to increase access to adequate housing for historically disadvantaged and lower income households in South Africa by providing better access to credit. As part of this effort, UI provides technical assistance, training and financial support to innovative initiatives by national and local governments, parastatal financial institutions, commercial financial institutions and non-governmental organizations (NGOs), that want to carry out housing finance related projects.

As required by Section F.12 of the Contract, a description of the progress under Task Order No. 800, during this quarter is set out below.

I. HIGHLIGHTS

- Represented the HFRP on the Finance Task Team of the Department of Housing's Social Housing Policy Framework Review Process, which culminated in a national social housing policy development consultative workshop;
- Funded and participated in the Housing Consumer Protection Trust's Strategic Planning exercise;
- Attended the CSIR Renewable Energy Conference;
- Attended a Finmark Forum presentation by Jim Bringley, Senior Vice-President, Shorebank, Acting as a member of a team of technical assistance being funded to assist with the establishment of the National Urban Housing Finance Trust (NUHFT);
- Hosted the quarterly meeting of the housing finance clearinghouse;

- Processed/ing a number of new applications for funding (see section below); and
- Arising from its funded projects, the following important activity was carried out:
 - The launch of the National Urban Housing Finance Trust, a project partly funded by the HFRP to provide bridging finance for developers of low-income housing projects

II. PROGRESS OF MAJOR ACTIVITIES

Receiving, assessing, approving applications for contracting funding assistance. The HFRP has worked intensively this quarter to process a number of new funding applications. Project files have either been opened and/or are in various stages of processing for the following:

- RHLF request to fund an extension to Kecia Rust's paper, *Competition or Co-operation? Understanding the relationship between banks and alternative lenders in the low-income housing finance sector as an input into the international Current Issues in Microfinance Conference* to be held in August in Johannesburg.
- Kuyasa Fund request to fund technical assistance to extend the Kuyasa Fund savings-linked-to-credit model outside the Western Cape by identifying strategic and institutional conditions necessary for the fund to operate successfully and to detail the current operations of the credit model through the writing of a manual setting out systems and procedures in a way that can be replicated.
- Department of Housing request to fund specialized technical assistance to: identify critical principles/issues involved in implementing the draft CRA Bill; develop a framework for CRA regulations; and complete the final draft of the CRA policy document.
- Department of Housing request to fund specialized technical assistance to assist the South African government and key housing finance actors and institutions to develop a framework for establishing a Private/Public Partnership Initiative based on the experiences of the United State's Fannie Mae.
- Department of Housing request to fund research aimed at improving the housing delivery environment through the 'greening' of housing projects.
- eThikweni Municipal Council collaboration with the HFRP in carrying out an investigation into the costs and benefits of alternative locations for low-income housing.
- Nurcha request to fund an investigation into the feasibility of supporting small inner city housing landlords.
- African Union for Housing Finance request to fund the preparation of a monitor of informal settlement upgrading activities on the African continent is developing a conceptual approach to implementation of the monitor in the South African context.
- Nurcha's request an investigation into possible interventions to improve the quality of informal rentals in backyards has resulted in a preliminary report

III. DELIVERABLES AND REPORTS

Reports and Occasional Papers prepared during this quarter:

- Tanya Zack and Sarah Charlton, *A Somewhat Better Life: Beneficiaries' perceptions of the government's housing subsidy scheme*.

- Olivia van Rooyen and Sophie Mills, *Banking on the Poor: A review of the Kuyasa Fund*, HFRP Occasional Paper no 8.

Currently the HFRP Occasional Papers series is the only housing publication in South Africa.

IV. PROBLEMS OR DELAYS AFFECTING THE TASK ORDER PERFORMANCE

None at this time.

V. WORK PLANNED FOR NEXT REPORTING PERIOD

The HFRP operates as a demand-driven program, meaning housing sector organizations approach it when they feel the need for funding. Hence, on the one hand the HFRP must wait to be approached for assistance. On the other hand, the HFRP is still quite able to take steps to ensure that the focus areas set out in its Strategic Plan for 2003 are addressed. This it does through continually networking with housing sector organizations, e.g. in the next quarter the HFRP will be:

- Arranging a housing finance session for the international *Current Issues in Microfinance Conference* to be held in August in Johannesburg;
- Attending the African Union for Housing Finance AGM in Mauritius, during which the HFRP will make a presentation on the establishment of a monitor of informal settlement upgrading policies and programs on a continental basis as a means of promoting private, public and donor investment in informal housing that it is funding;
- Funding a workshop for the Gauteng Province as a means of becoming familiar with the Kuyasa Fund savings-linked-to-credit model; and
- Participating in the Wharton School/Wits University P&DM Joint Housing Finance Training Course in September.

VI. SPECIFIC ACTION REQUESTED

None at this time.